

CONTRACT #12
RFS # 317.15.004-05
(previous #318.99-999)

**Department of Finance &
Administration / Division of
Health Planning**

VENDOR:
Express Scripts, Inc.

Leni,

I attach two Amendment requests to the Express Scripts contract.

Amendment 2 requests one-time eligibility maintenance services to enable a sub-group of disenrollees to access the additional pharmacy services for those classified as SPMI.

Amendment 3 requests an extension of access to the generics and insulin programs through Rx Outreach.

Both Amendments are accompanied by the required memo to request start of services in advance of 60 days.

With respect to the RFP, the Departments of Health, Mental Health and Developmental Disabilities and Finance and Administration are working together now to develop program scope for the successor program that will be bid through the competitive procurement process. We are likely to send out an RFI first, although that determination will be made at a meeting this Friday, 12/9.

Let me know if you need anything else.

Thanks,
Laurie



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH PLANNING
312 Eighth Avenue North
Suite 1200 William R. Snodgrass Building
Nashville, Tennessee 37243-0287
Phone (615) 253-2861 Fax (615) 532-6950**

**DAVE GOETZ
COMMISSIONER**

**LAURIE LEE
DIRECTOR**

MEMORANDUM

TO: Dave Goetz
FROM: Laurie Lee
DATE: November 18, 2005
RE: Contract Start Date

This is to request a start date for the Express Scripts, Inc. Amendment 2 in advance of 60 days after receipt of the non-competitive contract request.

This contract is for providing eligibility maintenance services to enable mental health safety net services to be provided for those TennCare disenrollees classified with severe and persistent mental illness between January 2004 and August 2005. Previously, those persons had not been included in the initial assignment of services.

In order for the state to provide these services as quickly as possible to those who need this pharmacy assistance, we seek to start the services under this contract immediately following contract signature.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW **MUST** BE DETAILED OR ADDRESSED **AS REQUIRED**.

1) RFS #		
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Pharmacy Benefit	
4) Contractor :	Express Scripts, Inc.	
5) Contract #	FA-06-16458-00	
6) Contract Start Date :	7/07/05	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	6/30/06	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$64,364,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	11/23/05	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	6/30/06	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$64,364,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Provide eligibility maintenance services to perform a one-time reassignment of specified members from non-SPMI groups to SPMI groups. A one-time fee of \$30,000 will be billed to cover the cost to issue new ID cards and the information and system resources to change eligibility in the three programs for this group. These services can be performed within the current maximum liability of the contract.		
15) Explanation of Need for the Proposed Amendment :		

Statement of Work #5 includes services to perform a one-time eligibility change to move 5,435 participants from non-SPMI to SPMI groups under the prescriptions programs provided under this contract. This will increase our ability to provide mental health safety net services to those TennCare disenrollees who have a classification assignment of severe and persistent mental illness between January 2004 and August 2005. This group was not originally included in the mental health safety net but meets the eligibility definition of SPMI.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Express Scripts, Inc.

13900 Riverport Drive

Maryland Heights, MO 63043

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The Department determined that the work requested under the proposed Amendment could not be achieved quickly and efficiently through another means.

21) Justification for the Proposed Non-Competitive Amendment :

The Work Order provides for the quick and cost-efficient implementation of vital mental health services for a portion of the disenrolled population. The work takes advantage of the systems, communication and program infrastructure currently in place to provide pharmacy assistance to the TennCare disenrollees.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

Date

**AMENDMENT 2
TO CONTRACT FA-06-16458-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Express Scripts, Inc., hereinafter referred to as the "Contractor", is hereby amended as follows:

1. Add the following Sections.

As Section A.1.d). Provide eligibility maintenance services to perform a one-time reassignment of specified members from non-SPMI groups to SPMI groups.

As Section A.2.f). Terms relating to Eligibility Maintenance Statement of Work #5

As Section E.8.f) Statement of Work #5 (SOW #5)

The following new Statement of Work, SOW #5, Eligibility Maintenance, should be added following SOW #4.

**Statement of Work #5
Eligibility Maintenance**

Statement of Work #5 includes services to perform a one-time eligibility change to move 5,435 participants from non-SPMI to SPMI groups under the prescriptions programs provided under this contract.

SECTION I – DEFINITIONS

For purposes of this Statement of Work #5, the following terms shall have the meanings set forth below:

"Eligibility File" means the list submitted by State to Contractor in reasonably acceptable on-line, FTP, or electronic format indicating persons eligible for drug benefit coverage services under the Program. Updates performed manually by Contractor on behalf of State shall be subject to additional charge.

"ID Card" means Contractor's standard single purpose (NCPDP format) printed identification card containing the applicable Contractor logo or other mutually acceptable method of identifying Contractor as the provider of pharmacy benefit services.

"Implementation SOW" means the Implementation Statement of Work, a form completed and signed by State prior to implementation that contains the material elements of State's eligibility set-up, including processing fields, indemnity and termination rules, file layout and alternative ID numbers, etc.

"Participant" means each person who is eligible, as determined solely by State, to receive prescription drug benefits as indicated in the Eligibility Files.

"Programs" mean State's pharmacy assistance programs as outlined in SOWs 1 through 4.

SECTION II – Eligibility Maintenance Services

2.1 Eligibility/Set Up

(a) Contractor shall implement a change in the eligibility in accordance with a written Implementation SOW. The changes will be implemented through an Eligibility File. The changes will result in participants receiving specific Programs as determined by the group to which a participant belongs as specified on the Eligibility File. Any changes to the Implementation SOW must be documented on Contractor's form of amendment to Implementation SOW and signed by State prior to the effective date of these changes. Contractor shall provide State, via on-line or other agreed upon medium, load summary reports detailing Eligibility File statistics after each eligibility load. State shall be responsible for validating eligibility loads and correcting rejected, erred and termed by absence Participant records.

(b) To the extent that the eligibility change results in participant(s) being eligible for a new Program, ID Cards will be issued to the participant. The ID cards will include a customized insert to communicate the change in eligibility. The State shall approve the communication insert included with the ID Cards.

SECTION III– FEES AND BILLING

3.1 Fees.

Contractor will bill State a one-time fee of \$30,000. This fee covers the cost to issue new ID cards to 5,435 individuals and the information systems resources to change eligibility in three separate Programs.

3.2 Billing

The State will be invoiced for the services under Statement of Work #5 upon completion of the work.

Except as expressly provided herein, the terms and conditions of the Agreement shall remain in full force and effect. In the event of a conflict between this Amendment and the Agreement, the terms of this Amendment shall prevail.

Choice of Law. This Amendment shall be construed by and governed in all respects according to the laws of the state indicated in the Agreement.

IN WITNESS WHEREOF:

EXPRESS SCRIPTS, INC:

David Lowenberg, Chief Operating Officer

Date

STATE OF TENNESSEE, DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH PLANNING
312 Eighth Avenue North
Suite 1200 William R. Snodgrass Building
Nashville, Tennessee 37243-0287
Phone (615) 253-2861 Fax (615) 532-6950**

**DAVE GOETZ
COMMISSIONER**

**LAURIE LEE
DIRECTOR**

MEMORANDUM

TO: Dave Goetz
FROM: Laurie Lee
DATE: December 7, 2005
RE: Contract Start Date

This is to request a start date for the Express Scripts, Inc. Amendment 3 in advance of 60 days after receipt of the non-competitive contract request.

This extends access to needed generic maintenance drugs, insulin and diabetic supplies through June 30, 2006 for non-dual TennCare disenrollees and through February 28, 2006 for dual eligibles.

In order for the state to communicate this extension before January 1, we seek to start the services under this contract immediately following contract signature.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.15.004-05	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Pharmacy Benefit	
4) Contractor :	Express Scripts, Inc.	
5) Contract #	FA-06-16458-00	
6) Contract Start Date :	7/01/05	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	6/30/06	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$64,364,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	3	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	12/05/05	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	6/30/2006	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$64,364,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
This proposed Amendment changes the end date of the Rx Outreach and Diabetic Programs for TennCare disenrollees and provides communication services to all cardholders of these changes.		
15) Explanation of Need for the Proposed Amendment :		
The Amendment extends access to needed generic maintenance drugs, insulin and diabetic supplies through June 30, 2006 for non-		

dual TennCare disenrollees and through February 28, 2006 for dual eligibles. This enables TennCare disenrollees to access these medications through the existing program until a successor pharmaceutical assistance program is established. For Medicare dual eligibles, it provides additional time for those individuals to transition to a Medicare Part D prescription drug plan, which is available January 1, 2006.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Express Scripts, Inc.

13900 Riverport Drive

Maryland Heights, MO 63043

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The Department determined that the most expeditious and cost-effective approach to provide this service was through the existing contract. Specifically, the extension through the existing retail network leverages the State's investment in the current infrastructure of the program. The ability to use the current eligibility and communication system for this program necessitated the use of the current vendor, who has these systems already in place specifically for the disenrolled TennCare population.

21) Justification for the Proposed Non-Competitive Amendment :

Because this extends an existing program through the current contract term, the Department determined that a non-competitive Amendment was the best alternative. This option minimizes disruption and confusion to the population and maximizes the existing infrastructure for program implementation. The Department saves both money and time by using the current vendor for this additional service, which benefits the disenrollees and the State.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

Date

**AMENDMENT 3
TO CONTRACT FA-06-16458-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Express Scripts, Inc., hereinafter referred to as the "Contractor", is hereby amended as follows:

1. Delete Section A of Statement of Work #2 and replace it in its entirety with the following:

A. Participants who are not Severely and Persistently Mentally Ill (SPMI) or Medicare-eligible

- 1) Auto Enroll all Participants into the Rx Outreach Program via an electronic feed from the State
- 2) Preload Eligibility for Participants in Rx Outreach
- 3) Each patient will receive unlimited generics through RxOutreach at no charge to the individual patient through June 30, 2006
- 4) State will be responsible for \$18.00 per prescription for qualified Participants
- 5) Prescriptions will not be dispensed for more than a 90 day supply
- 6) Controlled medications will be dispensed according to Missouri Pharmacy Law

2. Delete Section B of Statement of Work #2 and replace it in its entirety with the following:

B. Medicare Eligibles

- 1) Auto Enroll all Participants into the Rx Outreach Program via an electronic feed from the State
- 2) Preload Eligibility for Participants in Rx Outreach
- 3) Each patient will receive unlimited generics through RxOutreach at no charge to the individual patient through February 28, 2006
- 4) State will be responsible for \$18.00 per prescription for qualified Participants
- 5) Prescriptions will not be dispensed for more than a 90 day supply
- 6) Controlled medications will be dispensed according to Missouri Pharmacy Law

3. Add the following Sections.

As Section A.1.e). Provide services to communicate the extension of the program to all non-SPMI Participants.

As Section A.2.g). Terms relating to Communication Services Statement of Work #6

As Section E.8.g) Statement of Work #6 (SOW #6)

The following new Statement of Work, SOW #6, Communications Services, should be added following SOW #5.

**Statement of Work #6
Communications Services**

Statement of Work #6 includes services to communicate the extension of the program to all non-SPMI Participants.

SECTION I – DEFINITIONS

For purposes of this Statement of Work #6, the following terms shall have the meanings set forth below:

"Eligibility File" means the list submitted by State to Contractor in reasonably acceptable on-line, FTP, or electronic format indicating persons eligible for drug benefit coverage services under the Program. Updates performed manually by Contractor on behalf of State shall be subject to additional charge.

"ID Card" means Contractor's standard single purpose (NCPDP format) printed identification card containing the applicable Contractor logo or other mutually acceptable method of identifying Contractor as the provider of pharmacy benefit services.

"On-Line Eligibility System" means an eligibility maintenance system interface that is provided to the State that provides the State with the ability to make changes to the eligibility information.

"Participant" means each person who is eligible, as determined solely by State, to receive prescription drug benefits as indicated in the Eligibility Files.

"Programs" mean State's pharmacy assistance programs as outlined in SOWs 1 through 4.

SECTION II – Communications Services

2.1 Communication Development

- a) At the State's direction, Contractor will draft communications to communicate Program changes to affected Participants. Two versions of the communications will be developed (one version for Dual Eligibles and one for non-Dual Eligibles). No communications will be made to groups designated as SPMI.
- b) The State will provide written approval of all communication materials before they are sent to Participants.

SECTION III– Communications Production & Fulfillment

3.1 Communications Production

- a) Contractor will print approved letters and envelopes. Print quantities will be based on the number of individuals affected by changes in the Programs.
 - (i) Letters will be one-page, one-sided and printed in one color. Letters will not be personalized
 - (ii) Envelopes will be printed in two colors
- b) The State will be responsible for printing and pre-folding brochures that will be included with the letters and providing the brochures to the Contractor within an agreed upon timeframe.

3.2 Communications Fulfillment

- a) Contractor will mail letters to the current addresses for Participants based on the information provided in the Eligibility Files or maintained on the On-Line Eligibility System.

- b) Contractor will fold & insert letters into envelope, insert the State-provided brochure into the envelope, and print the address on the envelope.
- c) Contractor will pre-sort and mail letters with forwarding address requested.

SECTION IV- Fees

4.1 Fees.

Contractor will bill State a one-time fee of \$65,000. This fee is inclusive of postage.

3.1 Billing

The State will be invoiced for the services under Statement of Work #6 upon completion of the work.

Except as expressly provided herein, the terms and conditions of the Agreement shall remain in full force and effect. In the event of a conflict between this Amendment and the Agreement, the terms of this Amendment shall prevail.

Choice of Law. This Amendment shall be construed by and governed in all respects according to the laws of the state indicated in the Agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF:

EXPRESS SCRIPTS, INC:

David Lowenberg, Chief Operating Officer

Date

STATE OF TENNESSEE, DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman

Representatives

Harry Brooks	Mary Pruitt
Curt Cobb	Donna Rowland
Bill Dunn	David Shepard
Dennis Ferguson	Curry Todd
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Don McLeary, Vice-Chairman

Senators

Mac Beavers	David Fowler
Jim Bryson	Steve Southerland
Steve Cohen	
Douglas Henry, <i>ex officio</i>	
Lt. Governor John S. Wilder, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman
Don McLeary, Vice-Chairman

DATE: June 29, 2005

SUBJECT: Contract Comments
(Contract Services Subcommittee Meeting 6/29/05)

RFS# 318.99-999

Department: Finance & Administration/Division of Health Planning

Contractor: Express Scripts, Inc.

Summary: The contract provides the following for disenrollees: pharmacy discount cards, generic patient assistance programs, coordination with manufacturer-sponsored patient assistance programs and call center support. The contract has a beginning date of 7/5/2005 and ending date of 12/31/2006.

Original maximum liability: \$57,000,000

After review, the Fiscal Review Committee voted to recommend approval of the contract. The Committee further requested that the ending date of the contract be shortened to June 30, 2006.

CC: DM:LSC

cc: Mr. J.D. Hickey, Deputy Commissioner, TennCare Bureau
Mr. Robert Barlow, Director, Office of Contracts Review

REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #	318.99-999 /s/ MDG/rb		
STATE AGENCY NAME :	Finance and Administration		
SERVICE CAPTION :	Pharmacy Benefit /s/ MDG/rb		
PROPOSED CONTRACTOR :	Express Scripts, Inc.		
CONTRACT START DATE : (If date is < 60 days after F&A receipt, attach required explanation)	July 5, 2005		
LATEST POSSIBLE END DATE : (Including ALL options to extend)	December 31, 2006		
TOTAL MAXIMUM COST : (including ALL options to extend)	\$57,000,000 total. Of that amount it is estimated that approximately \$46,000,000 will be for pharmacy assistance disbursements to disenrollees. \$11,000,000 will be for pharmacy benefit management, coordination, call center assistance, distribution of pharmacy program information and support to local agencies and disenrollees.		
APPROVAL CRITERIA : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service		
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)			
(1) description of service to be acquired :			
<p>Starting the first week in June, TennCare will be disenrolling a portion of their population. By leveraging a fixed amount of state funds and external available funds/programs the goal is to provide these patients as comprehensive a pharmacy benefit as possible. The contracted services are for an integrated pharmacy assistance program with the following components: a base discount card feature, coordinated access to discounted or free generics and brand drugs plus management of additional assistance for payment of drugs for the low-income Medicare-eligibles and severely and persistently mentally ill (SPMI) and pharmaceutical coordination services for the SPMI. The contractor will be administering approximately \$38M worth of prescription drugs for the SPMI and \$8 million for the Medicare dual-eligibles. In addition, the contractor will facilitate access to millions of dollars of free drugs to disenrollees. The program must 1) maximize the pharmacy benefit to the individual using available public and private resources, 2) be easy to understand by the individual and 3) be implemented quickly. The specific program components include the following:</p> <p>For All Disenrollees:</p> <ul style="list-style-type: none"> - Discount Card. All disenrollees should receive, at minimum, a discount card. This card should offer multiple prescription channels 			

(retail network, mail service) to afford patients the lowest possible cost for obtaining their prescriptions.

• Aid with Manufacturer-sponsored Patient Assistance Programs (PAPs). All disenrollees would receive information to assist them in obtaining manufacturer-sponsored pharmaceutical assistance. All disenrollees will receive application forms for the manufacturer-sponsored PAPs that correspond with their conditions and medication history. These forms will be pre-populated with information about the disenrollee to assist them in obtaining this assistance.

- Discounted Generics. All disenrollees would receive access to discounted generics through a generic PAP.

For Dual eligibles:

- The dual-eligible subset should be able to enroll in a Medicare-approved Prescription Drug Discount Card and utilize the transitional assistance funds available from the Medicare Prescription Drug Discount Card and Transitional Assistance Program. Those that the state knows qualify for transitional assistance will provide the program with information to facilitate autoenrollment. The state will assist the low-income dual eligibles (those that have incomes <135% of the federal poverty limit) in offsetting payment for a finite amount of generic drugs. The program would coordinate the CMS transitional assistance benefit with an additional assistance from the state. Other Medicare-eligibles who do not qualify for transitional assistance should have the same abilities to have a Medicare discount card, access to the PAPs and access to the generic discount program.

For the SPMI population:

- The SPMI will have additional assistance for purchase of their prescription drugs. The contractor will manage these funds per enrollee so that the free pharmaceutical assistance is leveraged. The contractor will also provide additional pharmacy coordination for the SPMI. These services include: In-bound call center support to assist patients and Community Mental Health Agencies (CMHAs) in enrolling in Patient Assistance Programs, program information to disenrollees and CMHAs, training for CMHA community coordinators in assistance protocol and management reporting on enrollment utilization to state designees.

(2) explanation of the need for or requirement placed on the procuring agency to acquire the service :

Starting the first week in June, TennCare will be disenrolling a portion of their population. Senate Bill No. 2300, amending TCA Title 71, Chapter 5, Part 1, authorizes the establishment of programs and services to expand and augment the health care safety net, including prescription drug assistance. By leveraging a fixed amount of state funds and external available funds/programs, the goal of this program is to provide those disenrolled as comprehensive a pharmacy benefit as possible.

(3) explanation of whether the service was ever bought by the procuring agency in the past, and if so, what method was used to acquire it :

No.

**(4) name and address of the proposed contractor's principal owner(s) :
(not required if proposed contractor is a state education institution)**

Express Scripts, Inc.

13900 Riverport Drive

Maryland Heights, MO 63043

(5) evidence that the proposed contractor has experience in providing the service and evidence of the length of time the contractor has provided service :

Express Scripts has been providing services for pharmacy specialty distribution, indigent patient assistance and discount card services since 1997. They currently have 33% of the market share for patient assistance programs.

Express Scripts partners with 15 pharmaceutical manufacturers and assists more than 1.5 million low-income patients with their pharmaceutical needs. The company has the experience in enrollment/eligibility, product distribution, call center and management reporting required to operationalize an integrated assistance program. Their enrollment/eligibility system is automated and flexible. Express Scripts Specialty Distribution Services is both a licensed pharmacy and wholesale distributor and can support a variety of distribution models. They also manage a variety of retail card and discount card programs. Express Scripts operates Call Centers in 7 locations across the country to provide support to patients and partner organizations. Express Scripts has experience providing tailored management reporting of their various assistance programs based on their customer's design.

The division of Express Scripts devoted to patient access and specialty distribution services for the manufacturers has over 600 employees.

(6) documentation of OIR endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves information technology)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
(7) documentation of Department of Personnel endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
(8) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :	
<p>Prior to proceeding with a non-competitive negotiation process the department researched several companies that had many of the desired program components in place. We initiated a request for information by phone to determine capabilities and interest in proceeding with a competitive procurement. Express Scripts indicated an interest in responding.</p> <p>The department then evaluated both a competitive negotiation process and alternative procurement process. Due to the severe time constraints to implement a complex solution and the lack of interested companies with the experience required to support the program requirements we determined a non-competitive negotiation to be the most efficacious solution.</p>	
(9) justification of why the state should acquire the service through Non-Competitive Negotiation rather than through a competitive process : (Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)	
<p>A non-competitive negotiation offers the best option for two reasons: it results in the most expeditious way to provide the disenrollees access to pharmacy assistance and it optimizes the benefit to the state and the recipient of the service through a solution that coordinates and leverages access to free, donated generic and brand drugs.</p> <p>Speed of implementation</p> <p>Time is of the essence if we are to provide those disenrolled with pharmacy assistance as soon after disenrollment as possible, preserving as much continuity of therapy as possible. The General Assembly passed the TennCare safety net legislation authorizing appropriation of funds for the pharmacy assistance requested in this contract on May 28th. TennCare disenrollment started one week later, on June 6th. In order for the state to have in place a pharmacy solution to assist those disenrolled, we must secure a contract as quickly as possible. It is estimated to take at least 7 weeks from start of project to have the program rolled out to those disenrolled. A full RFP process would take almost as long just to receive bids. Using this process we can have a program in place by the time we would be evaluating proposals resulting from an RFP.</p> <p>The selected contractor, Express Scripts, has the ability to offer all components of the program and have them operational quickly: pharmacy discount card, Medicare-approved drug discount card in Tennessee, generic patient assistance program, coordination with manufacturer-sponsored patient assistance programs, call center support, and training capability. In addition, they have the demonstrated ability to coordinate components of the program and provide management reporting capability of utilization and cost metrics of those receiving the assistance. This last capability will enable us to have the most accountability for the program.</p> <p>Leverages access to additional, donated assistance</p> <p>Critical to delivering the greatest assistance to those disenrolled is accessing the pharmacy assistance programs sponsored by the drug manufacturers and providing the support to increase likelihood of the population availing those resources. Because Express Scripts manages 15 of the pharmacy assistance programs for the manufacturers and provides a generics assistance program, they are uniquely qualified to provide this service. Express Scripts estimates that, based on their experience, each individual who accesses the patient assistance programs receives an average of \$700/year of donated prescription drugs. If only 50% of the 190,000 disenrolled population secured pharmaceutical assistance through this program the additional value to the disenrolled population is \$66,500,000 worth of pharmaceuticals. A program that has the greatest success of assisting those disenrolled with accessing the donated pharmaceuticals magnifies the benefit to this population in a real and substantial way.</p> <p>Selecting this vendor to provide an integrated pharmacy assistance program accomplishes four goals: it optimizes the funds appropriated for this purpose, reduces the confusion to the recipient of the assistance, increases the likelihood of successful implementation and provides a single locus of accountability for the program. Because Express Scripts has all of the required components in place to offer an integrated pharmacy assistance program, has experience in providing these services and a demonstrated capacity to ramp up quickly, they are best able to provide the desired solution.</p>	

AGENCY HEAD REQUEST SIGNATURE:

(must be signed by the ACTUAL procuring
agency head as detailed on the Signature
Certification on file with OCR — signature by an
authorized signatory will be accepted only in
documented exigent circumstances)

A handwritten signature in black ink, appearing to read "M. J. Gentry", is written over a horizontal line within a rectangular box.

SIGNATURE DATE:

CONTRACT SUMMARY SHEET

RFS Number		Contract Number: FA 06-16458-W	
State/Agency: Finance and Administration		Division: State Health Planning	
Contractor: JUL 14 2005		Contract Identification Number	
Express Scripts 13900 Riverport Drive Maryland Heights, MO 63043		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	
FISCAL REVIEW 43-186-9712			
Service Description			
Express Scripts is a pharmacy benefit management company. The contract includes provision of pharmacy assistance coordination, call center assistance, distribution of pharmacy program information, support to local agencies and disenrollees and administration of a generic assistance program and funded assistance for the severely and persistently mentally ill.			
Contract Begin Date		Contract End Date	
7/01/05		6/30/05 6/30/06	
Allotment Code	Cost Center	Object Code	Fund
317.15	500	084	11
		<input type="checkbox"/> on STARS	
FY	State Funds	Federal Funds	Interdepartmental Funds
2006	\$57,000,000		
Totals	\$57,000,000		
CFDA #		Check the box ONLY if the answer is YES	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: Maureen Abbey		Is the Contractor a VENDOR? (per OMB A-133)	
Address: 20 th Floor, Tennessee Tower, 312 8 th Ave. N		Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone: Nashville, TN 37243		Is the Contractor on STARS?	
741-6070		Is the Contractor's FORM W-9 ATTACHED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's Form W-9 Filed with Accounts?	
<i>Maureen Abbey</i> 7/13/05		X	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. <i>M. D. Goetz Jr.</i> TSB	
END DATE →			
FY:			
FY:			
FY:			
FY:			
Total			